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I would like to use my allotted time to tell you a little about our organization and the contribution it makes to the consumer by his representation through cooperatives.

National Cooperatives, Inc., is a consumer cooperative owned and controlled by some (29) regional wholesale cooperatives: (21) of which are wholesale societies located within the Continental United States; (7) are serving the many consumers in the various Provinces of Canada and, (1) is a Puerto Rico Federation serving the consumers of that territory.

The membership on our cooperative is restricted to consumer or purchasing wholesale associations, that are organized on a cooperative basis and operated for the primary and mutual benefit of the patrons and members of their patrons and members, or in other words, the ultimate consumer or users of the goods handled or services rendered by our cooperative.

The purposes of national cooperatives are:

1. To promote the cause of cooperation and the cooperative method of doing business.
2. To assist in the organizing, financing or operation of any consumer's or purchasing cooperative enterprises.
3. Manufacture, purchase and distribute for the primary benefit of its member, associations and the ultimate consumers on a cooperative basis, such items as: food, automotive supplies, building materials, appliances and other miscellaneous services.
4. To provide better and more economic methods of merchandising on a cooperative basis.

Simply, national cooperatives is a national buying and manufacturing organization which enables its members to do together the things that they can not do economically and effectively alone.

Our cooperative is made up of a manufacturing division and a purchasing division, in a modern one-story plant of approximately 75,000 sq. ft., located at Albert Lea, Minnesota. Our organization is engaged in the manufacturing of a high-quality line of dairy equipment, designed especially for the ultimate consumer who is, in most cases, the member owners of local cooperatives. The farmer-user by his representation through his cooperative, enables our division to effectively and economically design, manufacture and distribute milking machine equipment that will best satisfy the farmer-users requirements. This is possible because the ultimate user, being the owner, will insist on a product that will best serve his needs. In addition, the farmer-user by his representation is making a substantial contribution to his own economic welfare by helping to control the price that he has to pay for some of his basic requirements.

You may be interested in knowing that the Regional Wholesale Cooperatives purchased the Universal Milking Machine Company in the year 1943. Within 9 months after taking over the operation and the facilities, the original cost price had been paid off through earnings of the division.

We all know that it is the consumer who pays for building factories, pays the corporation taxes, and all the other expenses of doing business- but we also know that the consumer very seldom ends up owning the plant and facilities which he has paid for through his patronage. The Universal Milking Machine Division of National Cooperatives is one of the many examples of why the consumer should participate in his cooperative. You can see the reason for our placing the consumer in a role of great importance and why we encourage greater interest and more representation from him.

The major division of our cooperative, from a sales volume standpoint, is our purchasing division. In this area national cooperatives act as a purchasing agent for the wholesale cooperatives on the commodities that cannot be purchased effectively by them individually. Please bear in mind not all products can be handled on this basis, because of the very nature of the product. Often times such arrangements involve very large quantities of a given product which permit the ultimate in procurement savings. This can, and is being done very effectively by regional cooperatives working together as a team through our organization. An example of the services rendered in this area is the Co-Op Tire Program which is one of our major departments. Through this program we can make available to cooperatives their own brand tire, complete in every detail. They can control its quality and enjoy the advantages of a private label by having lower costs, and at the same time control their own merchandising program. Another major service is the procurement of home appliances on a mass contract basis. Consumer cooperatives, by working together are making available to themselves their own brand of refrigerators, freezers, automatic washers and dryers that are designed to meet their consumer requirements and at prices that are substantially below the major marketer. A similar type of service is also carried on in many farm supply items, again taking advantage of consumer interest, by making available to him the type of product that he requires, and of a quality and price that will be commensurate with that need.

One of the more important consumer requirements is his need for food. It is in this field that, in my opinion, the consumer has by his interest and representation through cooperatives been able to effect a program that takes the guess work out of his grocery purchasing chore. At last, this is the case of the consumer who purchases his groceries from his co-op. By working together through their cooperatives, the consumer has developed a grocery labeling program using color to clearly and definitely establish the grades and quality of a given product. It was by consumer representation through cooperatives that you have today a co-op grocery labeling program that whenever and where ever it is in the consumer's interest to offer several qualities of the same product, you will find that the highest quality will be identified with the co-op red label; the second quality range by the co-op blue label; and if a third quality is needed by the co-op green label. All information appearing on the label is in the interest of the consumer - it gives accurate, honest and complete specifications. It has been a policy that whenever it is in the consumer's interest, the label is to give the limitations as well as the advantages of a given product. A good example of this is the message that appears on every co-op toothpaste box. Eric Kendall has already made mention of it. It reads as follows "The best insurance for sound teeth is:

1. Proper diet with plenty of milk, fresh fruits and vegetables; 2. Regular visits to your dentist; 3. Thorough brushing after meal. Thorough brushing cleans the teeth - often no dentrifice at all is required. Or an effective and inexpensive dentrifice such as precipitated chalk or a mixture of table salt and baking soda can be used. Many users prefer a pleasant - tasting dentrifice, such as Co-op Toothpaste, which encourages regular brushing by both children and adults." I challenge you to find a similar message on any other competitive toothpaste carton. It is a good product and it is doing the job it is supposed to do. Our increasing sales show the point. Where else can a consumer get this kind of honest representation and protection except through his cooperative.

I have with me a few pieces of material that will help you understand our organization a little more fully, and may help to explain how consumers can assist themselves by their participation and representation through cooperatives. To conclude my remarks, I do want to mention that our organization operates for and with the assistance of the people we serve. Each major commodity department has the guidance of an advisory committee which is composed of representatives from our various member-wholesales. George Cerny mentioned how Midland Cooperatives use this same procedure. Our committees are a continuation of the of the consumer's participation. Through this democratic process, our cooperative is better able to provide those products and services which are required by our consumer-owners and of a design, quality and price that they can best afford to pay. It is in the consumers best interest that he have representation through cooperatives. It is only through his own organization that he can best make his interests known, and do something about them that will benefit all of us as consumers.